# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

June 21, 2001

## H.R. 1954
### ILSA Extension Act of 2001

*As ordered reported by the House Committee on International Relations on June 20, 2001*

H.R. 1954 would extend the authorities of the Iran and Libya Sanctions Act (ILSA) of 1996 for an additional five years through 2006. The bill would lower the threshold of investments in Libya that could trigger sanctions under the act from $40 million to $20 million, and it would revise the definition of investment to include any amendment or modification of existing contracts that would exceed the threshold amount. CBO estimates that implementing H.R. 1954 would not significantly affect discretionary spending. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

Based on information from the Department of State, CBO estimates that H.R. 1954 would result in a substantial increase in the number of investments in Libya that could be subject to the sanctions in ILSA. CBO estimates that the additional workload necessary to identify such investments would increase the department's spending by less than $500,000 annually, assuming the availability of appropriated funds.

H.R. 1954 could impose a private-sector mandate as defined by the Unfunded Mandates Reform Act (UMRA). The President would be required to impose certain sanctions on U.S. entities or foreign companies that have invested more than a specified amount of money ($20 million for Libya, $40 million for Iran) in developing the petroleum and natural gas resources of Libya or Iran. Among the sanctions available under the bill, the President could impose certain restrictions on U.S. offices of a sanctioned company or on entities and financial institutions engaged in business transactions with a sanctioned entity. The bill would, however, allow the President the discretion to make exceptions in applying such sanctions. Since passage of the Iran and Libya Sanctions Act of 1996, no such sanctions have been imposed. Consequently, CBO expects that sanctions are unlikely to be imposed under this act and that the direct cost of the mandate would fall below the annual threshold established by UMRA for private-sector mandates ($113 million in 2001, adjusted annually for inflation).

H.R. 1954 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for federal costs is Joseph C. Whitehill. The CBO staff contact for private-sector mandates is Paige Piper/Bach. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.